MEMORANDUM OF UNDERSTANDING FOR CONDUCTING FEASIBILITY STUDY

This MEMORANDUM OF UNDERSTANDING (MOU) is entered this 11th day of August 2010

BETWEEN

MPANDA DISTRICT COUNCIL – A LOCAL GOVERNMENT AUTHORITY ESTABLISHED UNDER THE LOCAL GOVERNMENT (DISTRICT AUTHORITIES) ACT CAP 287 RE 2002, OF P.O. BOX 1, MPANDA (hereinafter referred to as "the COUNCIL") on the one part

AND

AGRISOL ENERGY TANZANIA LIMITED A LIMITED LIABILITY COMPANY, REGISTERED UNDER THE COMPANIES ACT CAP. 212 RE 2002 WITH REGISTRATION NO. 74106 DATED 11th DECEMBER 2009 OF P.O.BOX 105620 DAR ES SALAAM (hereinafter referred to as "AGRISOL" which expression shall where the context so admits include its assigns in title) of the other part.

WHEREAS; the Council is looking for investors who will have the capacity and resources to invest in various areas of Mpanda’s economy especially in agriculture, and thus, support the country’s Kilimo Kwanza initiative;

AND WHEREAS; AgriSol, an independent company that provides expertise and leadership in development, financing and management of integrated, sustainable agro-industrial projects, has approached the Council to come and invest in the land currently designated as the Katumba and Mishamo refugee settlements (hereinafter referred to as “Katumba and Mishamo”) and is now looking to do a detailed feasibility study with respect to such investment with a view to the parties entering into a long term right of occupancy with respect to Katumba and Mishamo.

NOW THEREFORE THE PARTIES HERETO AGREE AS HEREUNDER PROVIDED:


1.1 That Katumba and Mishamo are currently under the process of being closed as refugee settlements and the refugees are being returned to their country of origin (Burundi) or, in the case of those who have opted to stay in Tanzania, being resettled away from Katumba and Mishamo;
1.2 That any contract for right of occupancy entered into between the parties with respect to the land comprising Katumba and Mishamo, shall take effect with respect to any particular portion of such land only after the closure of the refugee settlements on such portion of the land and resettlement and removal of all former refugees currently remaining at such portion of the land at Katumba and Mishamo;

1.3 That following this closure of the same as above stated, the Council being the legal owner of the land, have earmarked and repurposed Katumba and Mishamo for investment purposes under large scale commercial agriculture development;

1.4 That any investor who will be issued a certificate of occupancy in cooperation with the Council in connection with investing in large scale agriculture development, shall devise programs that will provide training and assistance to small holder farmers and also provide a market to neighboring small scale farmers.

2. Feasibility Study:

2.1 That the parties to this MOU acknowledge that AgriSol has already conducted preliminary feasibility studies both at Katumba and Mishamo;

2.2 That the Council hereby grants AgriSol all necessary permission and authority to conduct a further detailed and extensive feasibility study at Katumba and Mishamo for a period of six months from the date of this MOU (hereinafter referred to as the “Feasibility Study Period”). Such study may include but is not limited to soil and water analysis, irrigation studies and such other studies as is reasonably and customarily necessary in order for AgriSol to be able to determine the suitability of the same for the development of Large Scale Agro-Industrial Projects (hereinafter referred to as the “Feasibility Study”). In conducting the feasibility study, AgriSol shall collaborate with Tanzanian institutions and experts in agriculture matters;

2.3 That in order to conduct such detailed and extensive Feasibility Study, the Council covenants that it will permit AgriSol and its advisors full access to all of Katumba and Mishamo during the entire Feasibility Study Period. In conducting such Feasibility Study, AgriSol shall be entitled to take soil and water samples and conduct such other site tests within the area in Katumba and Mishamo as is customarily permitted in conducting such Feasibility Study;
2.4 That, in conducting such Feasibility Study, AgriSol shall take all reasonable steps to protect the environment on and off the area and not to disturb the land or individuals residing on the land or activities being conducted on the land. AgriSol shall be responsible to repair any damage caused in conducting such Feasibility Study;

2.5 That the Council shall provide AgriSol such information relating to Katumba and Mishamo under her custody, possession or control. Such information may include but is not limited to aerial photographs and surveys, site conditions, crop analyses, and surveys, irrigation studies, soil maps, water maps, meteorological historical information, rainfall and similar data and studies;

2.6 That the Council shall provide AgriSol with all reasonable assistance in obtaining access to such information as above mentioned in article 2.5 from other agencies, individuals, institutions and officials in the District (Mpanda) and such reasonable assistance as it can provide to help AgriSol obtain all necessary permits for obtaining information from other governmental authorities and for obtaining permission for aerial flyovers of Katumba and Mishamo and landing at any airstrips in Mpanda District;

2.7 That the Council shall assist AgriSol in obtaining access to public lands and Village lands adjacent to or near Katumba and Mishamo that may provide possible irrigation conduits to Katumba and Mishamo;

2.8 That AgriSol shall have sole ownership and control of its Feasibility Study and all such information, projections and analyses, studies, test results and any other data comprising the Feasibility Study whatsoever, gathered or produced by AgriSol or its advisors. Such documents shall be confidential and propriety information belonging solely to AgriSol, except for such information and data that is already in the public domain or owned or controlled by the Council or third parties.

Notwithstanding, Agrisol shall avail the Council such information gathered after the termination of the contract by performance;

2.9 That the cost and expenses of conducting the Feasibility Study shall be borne solely by Agrisol;

2.10 That upon completion of the Feasibility Study Period or sooner upon determination by AgriSol, AgriSol shall notify the Council the portions of Katumba and Mishamo for which it wishes to secure Certificate(s) of Occupancy;
2.11 That the Council shall be wholly responsible during the Feasibility Study Period for the care and maintenance of Katumba and Mishamo and all structures, equipment and fixtures located thereon, other than any property or equipment owned or controlled by AgriSol or its advisors as to which AgriSol shall bear sole responsibility;

2.12 That AgriSol shall give access and permit any person permitted by the Council Director to enter the area to inspect compliance by AgriSol with the terms of this MOU;

2.13 That, the Feasibility Study shall not be conducted in village land and public areas located within the area as hereunder mentioned:

(a) Katumba
   (i) Kambuzi village
   (ii) Ndul station village
   (iii) Litapunga village
   (iv) Laini village
   (v) All the area stretching from Kenswa Secondary School (The same being inclusive) on the left side of the road to Mnyaki market up to Katumba Secondary School. This area will also include Katumba health Centre.

(b) Mishamo
   (i) Isenga village
   (ii) Bulamata village
   (iii) All the area covering Mishamo Secondary School and Mishamo Health Centre.

2.14 That on the day of signing the MOU or soon thereafter, Agrisol shall provide the Council a plan for the Feasibility Study phase and, upon completion of Feasibility Study, Agrisol shall provide the Council a Business plan which shall provide *inter alia* development schedule of Katumba and Mishamo.


3.1 That while AgriSol is conducting the Feasibility Study, the Council and AgriSol shall simultaneously work together in good faith to develop the terms and conditions to be contained in the contract to be entered into between them with respect to such portions of Katumba and Mishamo as AgriSol may determine for which it wishes to secure Certificate(s) of Occupancy, with final details of the land to be issued to be specified in the contract when determined by AgriSol on the basis of the Feasibility Study. In view of the parties' mutual desire to
see development of AgriSol's agro-industrial project to commence as quickly as practical, the parties agree to use all reasonable efforts to execute the certificate within one month following notification by AgriSol that it has completed its Feasibility study and wishes to secure the certificate. Notwithstanding the foregone, negotiation for right of occupancy may be conducted and finalized within six months from the date of notification, but is subject to extension following reasonable written request of either party. Upon completion of the negotiations, a contract will be entered into by the parties;

3.2 That the land under certificate of occupancy will be for the investment in agriculture and agro – industry and businesses related thereto, which may include power generation and other businesses and activities related to or derived from agro- businesses and activities related to or derived from agro-industrial activities. The Government shall retain all rights to exploitation of surface and subsurface minerals that may be discovered on the land under right of occupancy, subject to terms relating to compensation for AgriSol for loss of use or occupancy of any portion of the land under certificate of occupancy.

4. Basic Terms.

4.1 That except for the parties’ obligation to negotiate in utmost good faith, terms of this MOU and the parties’ respective rights and obligations with respect to the Feasibility Study specified herein and the parties respective obligations under sections 4.3, 4.8 to 4.10 and 4.12 to 4.19 hereof, this MOU does not constitute a legally binding agreement to enter into any transaction, but is instead intended as a statement of the parties’ good faith, mutual intent and understanding to proceed with the negotiation on the definitive contracts. No party shall have any obligation to consummate any certificate of occupancy or other transaction unless and until the definitive contracts are entered and delivered by the parties or no contract has been entered on the desire of AgriSol. If the negotiations between the parties are discontinued by either party, and no contracts are entered, such facts shall not give rise to any claim on the part of any party on any grounds whatsoever;

4.2 That this Agreement shall last for a period of up to one year commencing at the date of signing of the MOU and ending on the earlier of
(i) The first anniversary of the signing of the MOU and
(ii) The execution of the certificate of occupancy.
Extension of the same may be made with a written consent of the Council following reasonable written request of AgriSol;
4.3 That the parties shall negotiate the terms and condition of the right of occupancy in utmost good faith;

4.4 That the initial term of the Certificate of Occupancy shall be 99 (ninety-nine) years and shall provide for a reasonable development schedule for the land under certificate of occupancy in which AgriSol agrees on development milestones for each site of the same;

4.5 That failure to achieve particular milestones may result in the termination of the certificate of occupancy with respect to the portion of the area under certificate of occupancy that has not been developed;

4.6 That AgriSol shall as condition on Right of occupancy:
   • comply with the conditions as stipulated in the Certificate of Right of Occupancy, including payment of land rent which at the time of this MOU stands at Tanzania Shillings two Hundred (Tshs. 200/=) per acre;
   • pay statutory council fees;
   • pay to the Council a fee, initially not to exceed Tanzanian Shillings Five Hundred (Tshs. 500/=) per hectare per year for the land under cultivation to be reviewed and adjusted every three years from the anniversary of the date of issuance of the Certificate(s) of Occupancy by a percentage amount equal to the percentage increase or decrease over the last three years in the World Consumer Price Index as published in the International Monetary Fund.

4.7 That Agrisol shall, working closely with Iowa State University and in close collaboration with Mpanda District and other relevant government officials and institutions, develop and finance on an annual basis a comprehensive agricultural extension program aimed at assisting neighboring small holders. Such a program shall include training schemes for farmers and extension officers, exchange programs to encourage knowledge transfer, collaboration and support of relevant local training institutions, and other activities aimed at building the capacity and capabilities of out growers in Mpanda District, as well as providing a market for small holders;

4.8 That it shall be a condition precedent to AgriSol’s been issued a certificate of occupancy by the government that AgriSol shall have entered into arrangements or otherwise be satisfied that during the term of the certificate of occupancy, AgriSol will enjoy the benefit of a package of investment incentives and protections is provided under
the laws of the United Republic of Tanzania. The Council shall use its best efforts to assist AgriSol in concluding such arrangements with the relevant governmental authorities;

4.9 That the Feasibility Study to be conducted by AgriSol shall be related to investing in agriculture and agro-industry and businesses related thereto, which may include power generation and other business and activities related to or derived from agro-industrial activities on the occupied land;

4.10 That AgriSol covenants to use the land solely for agriculture and agro-industry and businesses related thereto, which may include power generation and other businesses and activities related to or derived from agro industrial activities on the land under certificate of occupancy;

4.11 That each party to the MOU shall bear its own costs and expenses in connection with the preparation, negotiation and execution of this MOU whether or not a definitive contract has been entered, except, as specifically set forth herein;

4.12 That in no event shall any party to this MOU be liable to another for damages be it special, indirect, non-compensatory consequential or exemplary including lost profits, loss of business opportunity or business interruption whether arising in contract or tort arising out of this memorandum of understanding;

4.13 That, under this MOU, the negotiations and any information, materials or documents provided by either party or its affiliates, representatives, agents, directors, officers, employees, legal counsel, accountants, consultants or advisors (collectively called “Representatives”) shall be confidential. Neither party shall reveal or disclose such confidential information to a third party without written permission from the other party. The obligation to maintain confidentiality shall not apply to (i) information known to the receiving party prior to being received pursuant to this MOU and not obtained or derived from the disclosing party under any obligation of confidentiality; (ii) information which is or becomes public or available to the general public otherwise than through act or default of the receiving party or its employees or advisors; (iii) information obtained from a third party in lawful possession of such information that is not subject to a confidential obligation to the disclosing party or (iv) is lawfully required to be disclosed.
4.14 That no announcement including press-release shall be made by any party without a written consent of the other party (consent shall not be unreasonably withheld) or unless required by any applicable law or regulation or custom;

4.15 That this MOU shall be governed and construed in accordance with the laws of the United Republic of Tanzania, without giving effect to the conflicts of laws thereof;

4.16 That the Council and AgriSol shall make every effort to amicably settle disputes in connection with the execution of this MOU which may arise between them;

4.17 That, if after thirty days the parties failed to resolve their dispute or difference by such mutual consultation, then either party may give notice to the other party of this intention to commence arbitration. Arbitration shall be held at London, England pursuant to the rules of the International Chamber of Commerce. The arbitrator shall be nominated by the parties by mutual agreement or in case of disagreement on the appointment, the International Chamber of Commerce shall appoint one. The award of the arbitrator shall be final and binding on the parties. The cost of arbitration shall be mutually agreed upon by both parties to this MOU;

4.18 That no failure of either party to exercise any right or power given hereunder, or to insist upon strict compliance by the other party of any obligation hereunder, and no custom or practice at variance with the terms hereto, shall constitute a subsequent waiver of the party’s right to demand exact compliance with the terms thereof;

4.19 That this MOU may be amended or modified only by an instrument in writing duly executed by the parties. Neither party may assign any of its rights or delegate any of its obligations under this MOU without obtaining prior written permission of the other party;

4.20 That the headings and subheadings used in this MOU are solely for convenience of reference and shall not constitute part of this Agreement, nor shall they affect the meaning, construction or effect of any provision thereof;

4.21 That, both AgriSol and the Council and its officials shall observe Tanzania’s and the United States’ respective laws against fraud and corruption;
4.22 That, the Council acknowledges that in order to conduct the Feasibility Study and to complete negotiation of the contract for any portion of Katumba and Mishamo, AgriSol shall be required to incur significant expenses and that it would be unreasonable for AgriSol to incur such expenses if during this period the Council engages in any discussions or negotiations or enters into any agreement with any other party for use of Katumba, Mishamo or any site within Katumba or Mishamo. The Council agrees that prior to the end of the contract negotiations, the Council shall not, directly or indirectly, through any employee, agent, professional or advisor:-

(i) solicit, initiate, encourage or discuss any proposal or offer from any person (other than with AgriSol or potential investors in AgriSol with AgriSol’s consent) and any other project of any third party at any of Katumba or Mishamo or

(ii) Furnish any information with respect to, or assist or participate in, or facilitate in any other manner, any effort or attempt by any person to do or seek the foregoing.
IN WITNESS WHEREOF The Council and AgriSol have hereto set their respective hands against their respective names appearing on this Agreement on the date hereinafter appearing.

Signed and delivered on behalf on the Council by:-
Full name: ENG. EMMANUEL N.M. KALOBOLO
Title: DISTRICT EXECUTIVE DIRECTOR

Signature: .................................................................
Date: .................................................................

Witnessed by:
Full name: PATRICK ISAKWABA AMONIGO
Title: DISTRICT SOLICITOR

Signature: .................................................................
Date: .................................................................

Signed and delivered on behalf of AgriSol by:
Full name: TED MOHAMMED KIBRE
Title: CHAIRMAN

Signature: .................................................................
Date: .................................................................

Witnessed by: BERTRAM MBASA EYAKUZE
Full name: .................................................................
Title: DIRECTOR

Signature: .................................................................
Date: .................................................................

BEFORE ME

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COMMISSIONER FOR OATHS
THE UNITED REPUBLIC OF TANZANIA

MPANDA DISTRICT COUNCIL

MEMORANDUM OF UNDERSTANDING FOR CONDUCTING FEASIBILITY STUDY

BETWEEN

MPANDA DISTRICT COUNCIL
A LOCAL GOVERNMENT AUTHORITY ESTABLISHED UNDER THE LOCAL GOVERNMENT (DISTRICT AUTHORITIES) ACT CAP 287 RE 2002, OF P.O. BOX 1, MPANDA

AND

AGRISOL ENERGY TANZANIA LIMITED
A COMPANY REGISTERED UNDER THE COMPANIES ACT CAP. 212 RE 2002 WITH REGISTRATION NO. 74106 DATED 11th DECEMBER 2009 OF P.O.BOX 105620 DAR ES SALAAM.